

DSJ1&2-PR Exh 603

From: Miranda Johnson
To: George Chapman
Sent: 10/28/2014 3:19:31 PM
Subject: SOM Strategy Deck - Updated
Attachments: SOM Strategy.pptx

George,

I made some adjustments to the deck based on our conversation with Jim yesterday. Some were cosmetic, but I changed content on slides 2, 5 and 9. Let me know if you have any concerns with the updates. I'll print color copies for our meeting with Phyllis tomorrow.



SOM Strategy.pptx

Thanks,

Miranda Johnson, JD

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Walmart Compliance

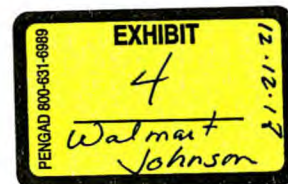
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SOM Overview & Strategy

October 29, 2014



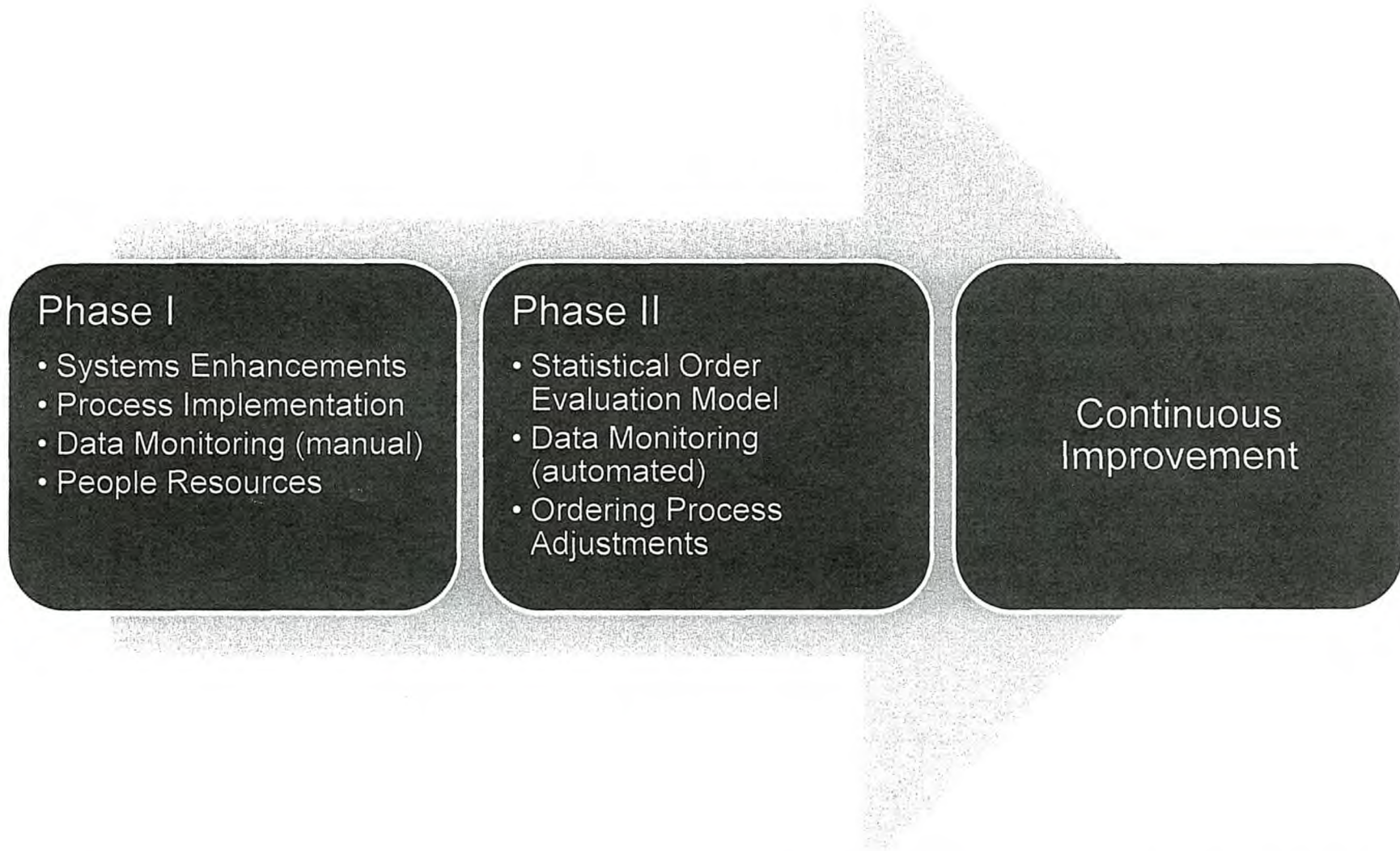
Current SOM Program

- Reddwerks Flags Orders:
 - Over 20 bottles (CII DC).
 - Over 50 bottles (All other DCs).
 - >30% increase over rolling 4 week average.
- DC cuts orders:
 - Over 50 bottles down to 50 bottles.
 - Oxy 30 down to 20 bottles.
- Reports
 - Daily: Orders of over 20 bottles of a CII item.
 - Monthly: Orders of CIII-V items that are >3.99% of total dosage units ordered for the facility.

Improvement Opportunities in Current Program

- Large number of false positives because thresholds aren't based on statistical methodology.
- Flags only identify "unusual size."
- McKesson orders are not considered in evaluation.
- All flags must be cleared before production on any items can begin, so there is limited time for evaluation.
- No defined process for tracking why DC cuts or clears specific orders.

Strategy Overview



Phase I – Q1 FYE16

System Enhancements

- Reddwerks Implementation
- Store Profile Development

Process Implementation

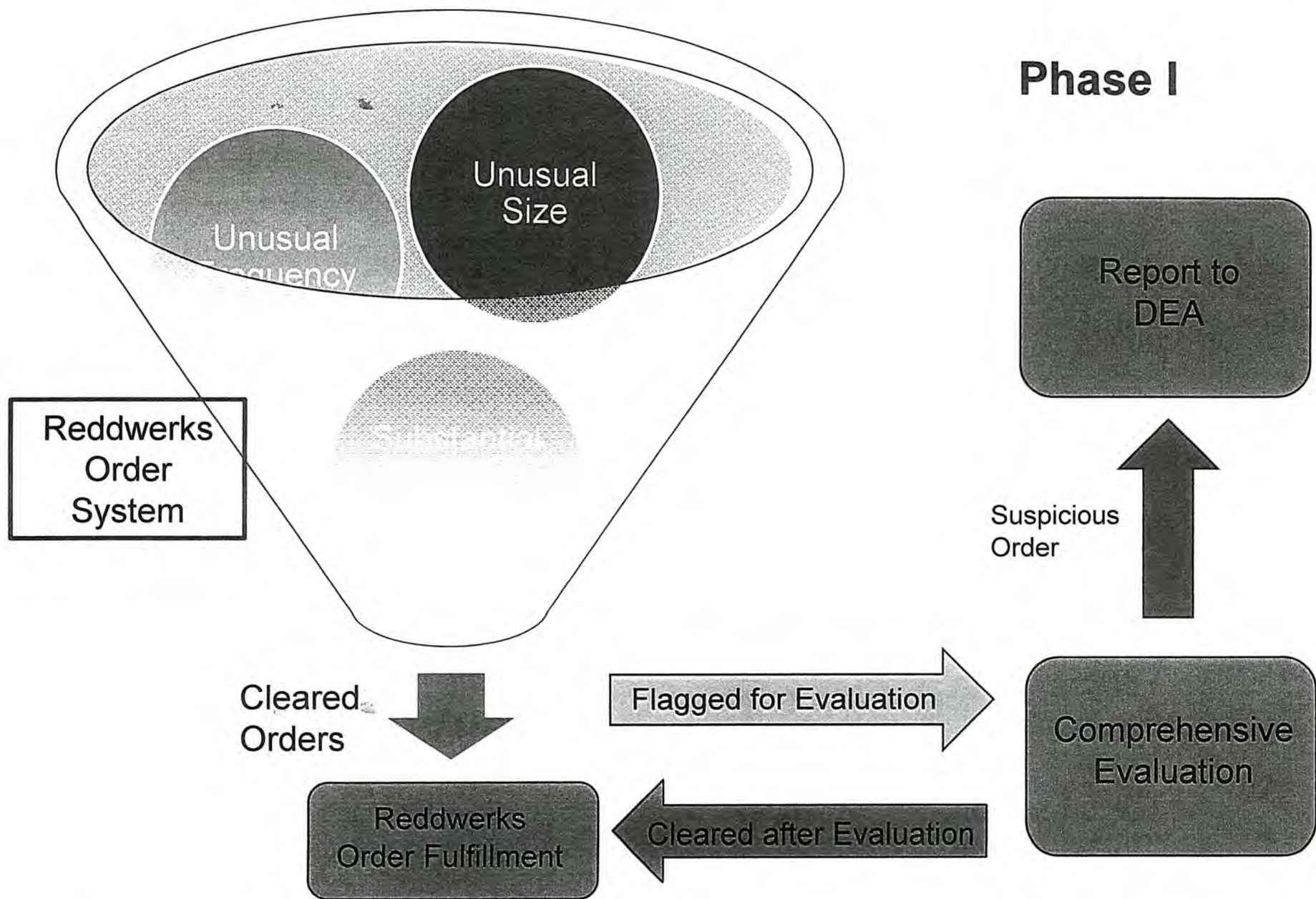
- Post-Alert evaluations
 - Well trained people resources needed to conduct comprehensive evaluations
- Policy Implementation and Training

Data Monitoring

- Manual
- Identify trends and outliers for consideration in order evaluations
- Develop reports to monitor SOM program performance
- Develop store clusters for “like store analysis”

People Resources

- Development of DC based compliance position to execute the program



Phase II Roadmap

Statistical Order Evaluation Model

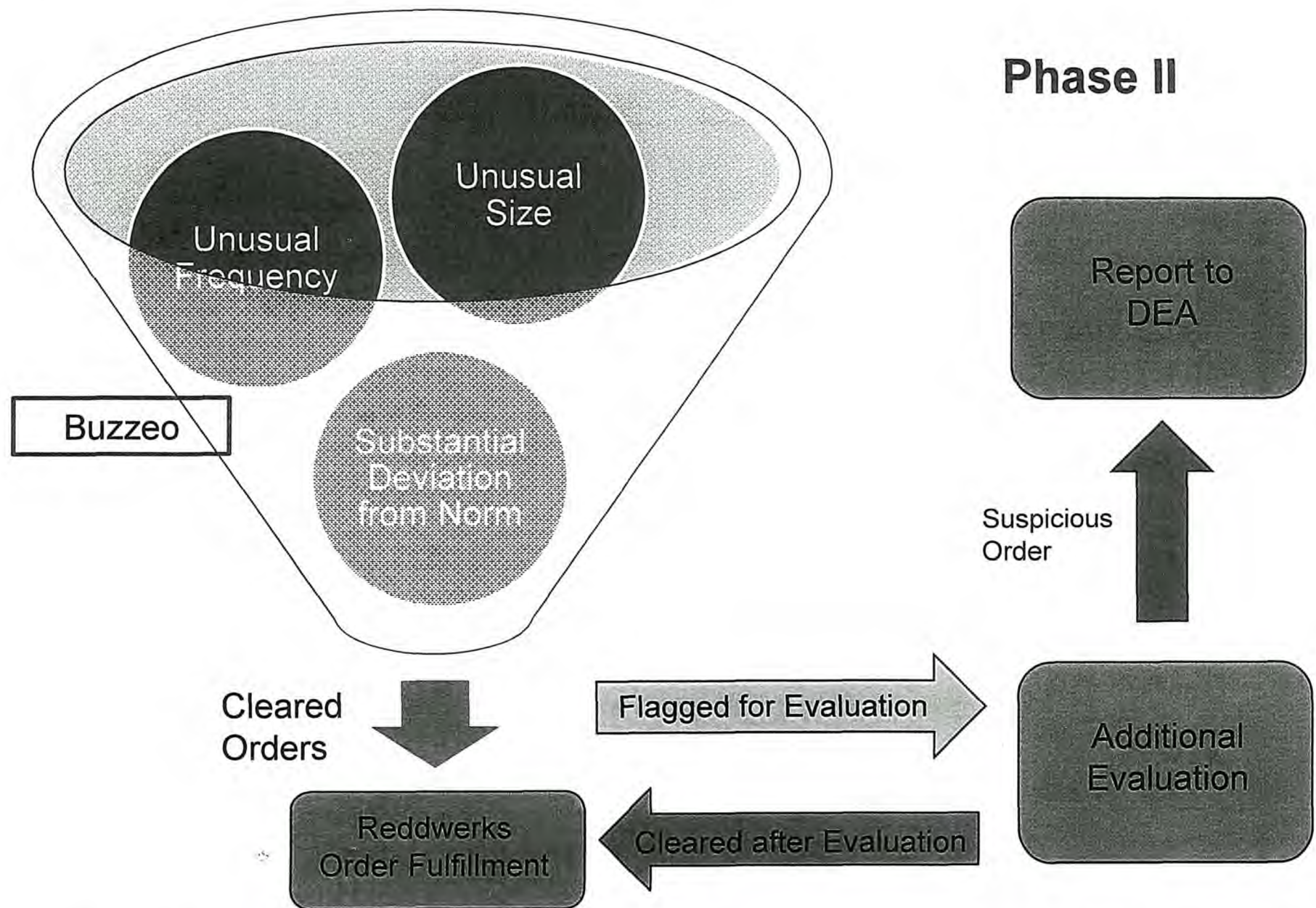
- Implement system that incorporates complex model (i.e. Buzzeo)
- Flags for unusual size, frequency and substantial deviation from normal pattern
- Incorporate McKesson orders

Data Monitoring

- Store Profile enhancements
- Automation of overall trends for ease of monitoring
- Automation of SOM program reporting
- Individual store monitoring would be incorporated into statistical model
- PSE order and sales trends

Ordering Process Adjustments

- Adjustments to manual orders
- Add hard limits to replenishment system



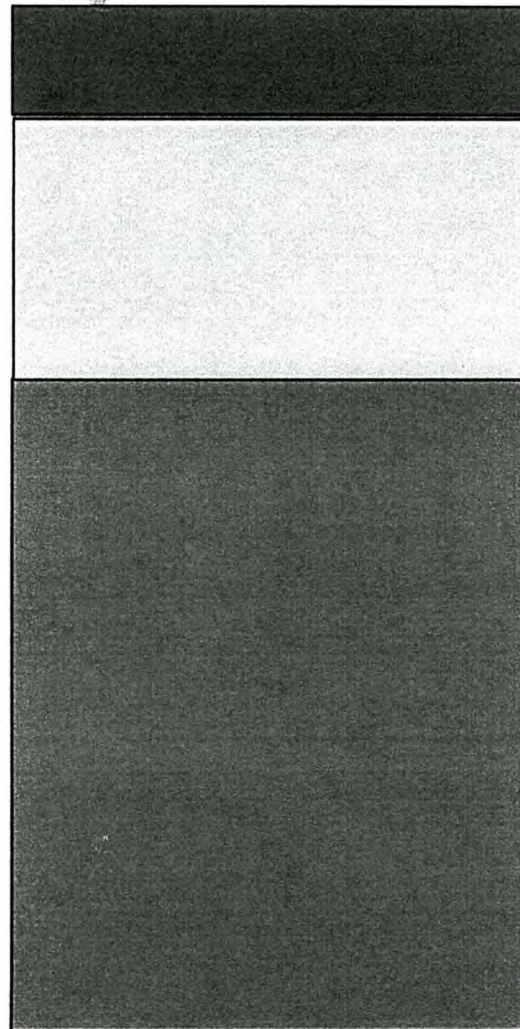
Resource Needs - Overview

- Headcount for 6 Pharmacy DC compliance positions.
- Funding for system that integrates complex statistical model.
- Analytics support for data monitoring and store clustering.
- Archer support for development of store profile.

DC Compliance Position - Responsibilities

- Order alert evaluations.
- Support development of technology and SOPs for Phase II.
- Change management and training on new SOM program.
- DC representative for DEA inspections.
- Overall monitoring of trends and provide recommendations for additional facility review.
- PSE reports.
- Facility assessments.

APPENDIX



Hard Limit

Threshold for Evaluation